



CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.dca.ca.gov/cba>



Summary of Law Changes Enacted by AB 1868

Assembly Bill 1868 (Bermudez), related to practice privilege and foreign accountant practice, was signed by Governor Schwarzenegger on September 25, 2006 (Chapter 458, Statutes of 2006). **Because it was an urgency bill, it took effect immediately.**

AB 1868, as enacted, does the following:

- A. Allows a practice privilege holder to practice in California and sign in the name of his or her firm even if the firm is not registered by the CBA.
- B. Permits out-of-state CPAs, PAs, and public accounting firms to temporarily practice in California incident to practice in another state provided that the individual or out-of-state firm does not solicit California clients, does not assert or imply that the practitioner or firm is licensed or registered to practice public accountancy in California, and does not engage in the development, implementation, or marketing to California consumers of any abusive tax avoidance transaction.
- C. Permits foreign accountants to engage in temporary and incidental practice related to engagements in the foreign country, regulated by the foreign country, and performed under the accounting or auditing standards of that country provided the accountant does not hold out as a holder of a California license or practice privilege.
- D. Affirms the CBA's disciplinary authority over any individual or firm performing any act which is the practice of public accountancy in California.
- E. Provides for a reduced fee for practice privilege holders who do not sign attest reports.
- F. Requires that the "safe harbor" period for late practice privilege notifications remain in effect until December 31, 2010.